ONTARIO COLLECTIVE BARGAINING REVIEW 1987

Research and Analysis Unit
Industrial Relations Division
Ontario Ministry of Labour

July 1988

Hon. Gregory Sorbora
Minister

Glenn R. Thompson
Deputy Minister

This report reviews collective bargaining developments in Ontario in 1987. It describes the economic climate in which collective bargaining took place, and analyzes the following: the extent of bargaining and the stages at which settlements were reached; the duration of negotiations and term of agreements; the issues and key negotiations; the wage and benefit changes in major agreements and the incidence of work stoppages.

Economic Climate

Collective bargaining in Ontario in 1987 took place in a climate of continued but slower pace of economic growth than in 1986. The province's real gross domestic product expdanded by 4.2 percent in 1987, down from 6.2 percent in 1986.

The strength of the economy is also indicated by the low levels of inflation and unemployment throughout the year. The unemployment rate in Ontario declined for the fourth consecutive year to 6.1 percent in 1987.

Inflation in Canada averaged 4.4 percent per year in 1987, up from 4.1 percent in 1986 and 4.0 percent in 1985. From a low of 3.9 percent in January 1987, inflation rose to a high of 4.8 percent in June and then fell back down to 4.2 percent in November and December.

Collective Bargaining Settlements

Records of the Office of Collective Bargaining Information indicate that 2,796 collective agreements covering 509,648 employees were ratified in 1987. These agreements represent about 30 percent of all agreements on file in the Office's Collective Agreements Library.

Of the 2,796 agreements ratified, renewal agreements accounted for 2,494 or 89 percent, and covered 95 percent of all employees covered; 229 or 8 percent were first agreements.

In terms of employees covered, the 1987 bargaining was concentrated in primary metal, transportation equipment, electric power, gas and water utilities, education and related services, health and welfare services, and provincial and local administration. In each of these industries, 20,000 or more employees were covered by new collective agreements.

Table 1

Number of Collective Agreements Ratified in 1987 and Employees Covered by Industry

Industry	Agreements		Employees Covered	
	Number	Percent	Number	Percent
All Industries	2,796	100.0	509,648	100.0
Manufacturing	957	34.2	162,578	31.9
Food, Beverages	135	4.8	14,440	2.8
Tobacco	1	-	400	-
Rubber, Plastics	8	0.3	1,050	0.2
Leather	14	0.5	1,890	0.4
Textiles	26	0.9	4,184	0.8
Knitting Mills	4	0.1	405	-
Clothing	24	0.9	3,603	0.7
Wood	43	1.5	4,789	0.9
Furniture, Fixtures	28	1.0	2,761	0.5
Paper	77	2.8	14,710	2.9
Printing, Publishing and Allied	61	2.2	4,496	0.9
Primary Metals	57	2.0	22,020	4.3
Fabricated Metals	119	4.3	10,630	2.1
Machinery	52	1.9	4,322	0.8
Transportation Equipment	61	2.2	40,106	7.9
Electrical Products	84	3.0	15,848	3.1
Non-Metallic Minerals	69	2.5	6,065	1.2
Petroleum, Oil	2	-	45	-
Chemicals	41	1.5	4,034	0.8
Miscellaneous Manufacturing	51	1.8	6,780	1.3
Non-Manufacturing, excluding construction	1,839	65.8	347,070	68.1
Services to Agriculture	5	0.2	511	-
Mining, Quarrying	29	1.0	6,169	1.2
Transportation	123	4.4	19,452	3.8
Storage	14	0.5	378	-
Communication	11	0.4	9,579	1.9
Electric, Gas, Water	86	3.1	21,279	4.2
Wholesale Trade	123	4.4	4,305	0.8
Retail Trade	85	3.0	14,798	2.9
Finance, Insurance & Real Estate	43	1.5	1,080	0.2
Education, Related Services	312	11.2	119,511	23.4
Health, Welfare Services	457	16.3	30,455	6.0
Recreational Services	17	0.6	644	0.1
Management Services	16	0.6	2,401	0.5
Personal Services	93	3.3	11,726	2.3
Miscellaneous Services	79	2.8	2,092	0.4
Federal Administration	15	0.5	5,889	1.2
Provincial Administration	11	0.4	48,120	9.4
Local Administration	289	10.3	38,848	7.6
Construction	31	1.1	9,833	2.0

Stage of Settlement

The vast majority of the agreements, 94 percent, covering 88 percent of all employees, were settled without a work stoppage, either by the parties themselves, with the assistance of a Ministry appointed conciliation officer or mediator or by arbitration.

Of the total settled, 38 percent were settled in direct bargaining by the parties; 50 percent were settled by the parties with the assistance of a conciliation officer, mediator or fact finder; about 5 percent, consisting of 83 percent of all agreements in the health and welfare services sector were settled at arbitration; while 6.5 percent covering 12 percent of all employees were settled after a work stoppage.

Table 2

Number of Agreements Settled in 1987 and
Employees Covered by Settlement Stage

Settlement Stage	Agreements		Employees Covered	
	Number	Percent	Number	Percent
ALL AGREEMENTS	2,796	100.0	509,648	100.0
Direct Bargaining	1,075	38.4	193,880	37.7
Conciliation	595	21.2	73,678	14.4
Post Conciliation Bargaining	246	8.8	44,536	8.7
Mediation	518	18.5	101,858	20.0
Post Mediation Bargaining	29	1.0	6,223	1.2
Fact Finder and Post Fact Finder ..	13	.3	13,467	2.2
Arbitration	137	4.9	12,759	2.5
Work Stoppage	183	6.5	63,247	12.3

Duration of Negotiations

Information on duration of negotiations was available only on collective agreements that covered 200 or more employees. The 512 collective agreements ratified in 1987 that covered 200 or more Ontario employees took an average of 5.3 months to negotiate. Private sector agreements, which account for 48 percent of the total, were reached in 3.7 months on average, compared to 6.9 months on average for public sector agreements. Only 3 private sector agreements took more than 9 months to negotiate, whereas 69 public sector agreements took more than 9 months.

Table 3

Duration of Negotiations of Collective Bargaining Agreements Covering 200 or more Ontario Employees, Ratified in 1987

A. Duration of Negotiations	Total		Private Sector		Public Sector	
	Agrts	Empls	Agrts	Empls	Agrts	Empls
Total	512	444,483	247	187,215	265	257,268
1-3 Months	200	186,197	136	133,954	64	52,243
4-6 Months	174	136,594	86	43,123	88	93,471
7-9 Months	66	61,117	22	8,986	44	52,131
10-12 Months	34	19,784	2	802	32	18,982
13 Months and Over	38	40,791	1	350	37	40,441
B. Average Duration of Negotiations, in Months	5.3		3.7		6.9	

Term of Agreement

Of the new agreements negotiated or arbitrated, 53.3 per cent, covering 43 per cent of all employees affected by the 1987 settlements were for 24 month duration, 20 percent covering 29 percent of employees were for a 36 month term, while 14.5 percent covering 18 percent of employees were for a 12 month term.

Table 4

Collective Agreements Ratified in 1987 and Employees Covered by Term of Agreement

Term of Agreement	Agreements		Employees Covered	
	Number	Percent	Number	Percent
ALL AGREEMENTS	2,796	100.0	509,648	100.0
Less than 12 months	15	-	8,736	1.7
12 months	405	14.5	90,568	17.7
13 to 18 months	67	2.4	5,246	1.0
19 to 23 months	89	3.2	8,718	1.7
24 months	1,490	53.3	221,403	43.4
25 to 35 months	131	5.0	21,234	4.1
36 months	563	20.1	145,417	28.5
Over 36 months	36	1.3	8,236	1.6

Key Bargaining Situations

Major settlements in 1987 involved the aerospace industry, steel production, residential construction, paper and allied industries, car makers, and, in the public sector, community colleges.

Aerospace. Three aerospace industry settlements in 1987 involved a total of 5,410 production and office employees. In each case the settlement was reached during a work stoppage. The monetary terms of settlement included a $500 lump sum payment and 3 percent wage increases in the second and third years at Fleet Aerospace, 5¢-25¢ effective in the second year of a 2-year agreement at Spar Aerospace, and a $3,000 bonus plus three annual wage increases of 25¢, 3 percent and 3 percent at de Havilland Aircraft. In addition, at all three companies the existing cost of living (COLA) clauses were continued throughout the term of the renewed agreements.

Primary Steel. Breaking the tradition of 3-year agreements in the steel industry, Algoma Steel Corp. and the United Steelworkers reached a one-year settlement 2 months prior to the expiry of the existing agreements. The terms of the early renewals reflected the poor economic conditions in the steel industry, calling for no wage increases, suspension of the COLA formula, and improvements in early retirement incentives.

Stelco Inc. also renewed agreements 2 months prior to their expiry date. The renewals were once again for a 3-year period, but provided no negotiated wage increases. The existing COLA formula will continue throughout the term of the agreements.

Residential Construction. In May the major Toronto area residential construction agreements were renewed for 2 years. The wage package increases ranged from $2.71 to $4.95 per hour. Strong demand for new housing, a shortage of trained labour, and higher wages paid for industrial, commercial and institutional construction contributed to the relatively high increases. These increases tended to reduce the traditional differentials between the residential andICI sectors in the Metro Toronto area and will be a background factor in the 1988 ICI negotiations.

Pulp and Paper. The 1987 round of bargaining in the pulp and paper industry began with the signing of a master settlement at Abitibi-Price Inc. in June. The terms of that settlement established a pattern that was followed throughout the industry. The annual wage increases in the 3-year agreements were set at about 3.1 percent on the base rate. As well as improvements in shift premiums, paid vacation and insurance benefits, the pension plan was renegotiated under the master settlement to provide pension indexing and upgrading of early retirement provisions. In all, a total of 22 agreements covering 10,250 Ontario employees in bargaining units of 200 or more employees were renewed in the paper and allied industry.

Automobile. Contracts at the three largest car makers were up for renewal in the fall of 1987. A total of 50,000 employees of Chrysler Canada, Ford Motor Company of Canada and General Motors of Canada were affected.

The first settlement was reached at Chrysler following a 6-day work stoppage. Base wages were increased 3 percent in the first year and 25¢ in each of the second and third years, and the COLA continues. A major feature of the new pact was a new benefit in the pension plan. The plan was renegotiated for 6 years and provided a new inflation adjustment for future pensions. The monetary terms of settlement at Ford and General Motors were similar to those at Chrysler, including the inflation-adjusted pension plan.

Community Colleges. A 2-year agreement was negotiated for 5,630 support staff at the 22 community colleges around the province. The employees received a general wage increase of 4.3 percent in the first year, and lower paid employees will get an additional increase of 4.4 percent or 56¢ an hour in the second year.

Major/New Issues in Bargaining

The two issues that had a major impact on bargaining in 1987 were pension indexing in both the private and public sectors, and paid preparation time for school teachers. Both issues are likely to carry into 1988 bargaining.

Pension indexing, which was prominent in the paper and auto industry settlements, also played a major role in the bargaining between Air Canada and the Machinists. The strike in December that it, in part, precipitated ended with a settlement which provided a form of pension indexing.

Elementary school teachers in Metropolitan Toronto school boards also went on strike to back contract demands which included a standardized paid preparation time provision. The 3-year deal that was ratified in October after 18 months of negotiations guaranteed 100 minutes per week of paid time off during classroom hours in the 1988-89 school year and 120 minutes in the next year.

Negotiated Wage Increases

Continued moderate inflation helped restrain wage increases in Ontario in 1987 for the fourth consecutive year.

The 512 agreements ratified in 1987 that covered 200 or more employees provided an average annual increase of 3.9 percent in base wage rates. The increase was down marginally from 4.2 percent in 1986 and 4.1 percent in 1985, and equal to the 1984 increase of 3.9 percent.

The trend in wages during the year was a gradual decline from 4.4 percent in the first quarter to 4.1 percent in the second quarter, 3.7 percent in the third quarter, and 3.5 percent in the fourth quarter.

The average increase varied significantly between agreements with a cost of living clause (COLA) and agreements without a COLA. The 97 COLA agreements averaged 2.2 percent per year, while the non-COLA agreements averaged 4.7 percent per year. The same variation was shown across

industries. For all manufacturing agreements, the average annual increase was 2.6 percent. The non-manufacturing sector, containing all the public sector agreements, averaged 4.5 percent per year. In addition, the 18 construction agreements reached in 1987 settled above the overall average, at 5.6 percent per year.

The most frequent wage increase in 1987 was in the range of 4.0 percent to 4.9 percent, received by 37 percent of the employees covered by 38 percent of the agreements. Almost one-half of the employees covered by COLA agreements received negotiated wage increases of less than 2 percent per year, while nearly one-half of the employees covered by agreements without COLA received 4.0 percent to 4.9 percent per year.

Table 5

Wage Adjustments Negotiated in Major Collective Agreements in Ontario and Changes in the Canada Consumer Price Index 1983-1987

Year	Average Annual Percent Increases			Percent Change in Year CPI from Previous Year
	All Sectors	Private Sector	Public Sector	
1983	5.9	5.5	6.1	5.8
1984	3.9	2.9	5.0	4.4
1985	4.1	2.6	4.8	4.0
1986	4.2	3.8	4.5	4.1
1987	3.9	2.9	4.0	4.4

Table 6

Average Annual Percent Increases in Base Wage Rates in Settlements of Collective Bargaining Agreements Covering 200 or More Ontario Employees, Negotiated in 1987 By Industry

Industry	All Agreements			Agreements with COLA Clause			Agreements without COLA Clause		
	Agreements	Employees	Percent Increase	Agreements	Employees	Percent Increase	Agreements	Employees	Percent Increase
All industries, including construction	**512**	**444,483**	**3.9**	**97**	**144,274**	**2.2**	**415**	**300,209**	**4.7**
All industries, excluding construction	**494**	**434,805**	**3.9**	**97**	**144,274**	**2.2**	**397**	**290,531**	**4.7**
Manufacturing	**185**	**151,083**	**2.6**	**74**	**102,095**	**1.9**	**111**	**48,988**	**4.0**
Food, Beverages	20	7,230	4.3	5	1,540	3.0	15	5,690	4.6
Tobacco	1	400	5.3	-	-	-	1	400	5.3
Rubber, Plastics	2	669	2.5	2	669	2.5	-	-	-
Leather	4	1,030	3.9	-	-	-	4	1,030	3.9
Textiles	6	2,577	4.4	-	-	-	6	2,577	4.4
Knitting Mills	1	230	5.7	-	-	-	1	230	5.7
Clothing	4	1,524	4.2	-	-	-	4	1,524	4.2
Wood	8	2,451	4.7	1	311	1.9	7	2,140	5.1
Furniture, Fixtures	4	1,172	2.7	1	332	1.7	3	840	3.1
Paper	22	10,250	3.2	-	-	-	22	10,250	3.2
Printing, Publishing	4	2,363	7.1	-	-	-	4	2,363	7.1
Primary Metals	17	18,596	0.4	13	12,279	0.5	4	6,317	0.2
Fabricated Metals	11	3,702	3.1	7	2,273	2.5	4	1,429	4.0
Machinery	4	1,820	2.8	2	948	1.0	2	872	4.6
Transportation Equipment	31	75,493	2.2	19	71,631	2.0	12	3,862	5.6
Electrical Products	22	11,575	3.2	11	6,749	2.2	11	4,826	4.7
Non-Metallic Minerals	8	4,058	3.9	6	3,288	3.3	2	770	6.7
Petroleum, Oil	-	-	-	-	-	-	-	-	-
Chemicals	6	2,161	3.5	2	617	1.5	4	1,544	4.3
Miscellaneous Mfg.	10	3,782	4.5	5	1,458	2.7	5	2,324	5.6
Non-manufacturing, excluding construction	**309**	**283,722**	**4.5**	**23**	**42,179**	**3.1**	**286**	**241,543**	**4.8**
Services To Agriculture	1	300	4.0	-	-	-	1	300	4.0
Forestry	-	-	-	-	-	-	-	-	-
Mining, Quarrying	8	5,143	0.6	6	4,568	0.6	2	575	0.2
Transportation	16	15,666	4.1	1	673	3.8	15	14,993	4.1
Storage	-	-	-	-	-	-	-	-	-
Communication	3	9,093	0.4	1	7,852	0.0	2	1,241	2.7
Electric, Gas, Water	8	18,712	4.1	5	17,387	4.1	3	1,325	4.0
Wholesale Trade	2	1,109	4.8	-	-	-	2	1,109	4.8
Retail Trade	10	10,620	3.5	-	-	-	10	10,620	3.5
Finance	1	295	5.0	-	-	-	1	295	5.0
Insurance, Real Estate	1	220	4.5	-	-	-	1	220	4.5
Education, Related Services	142	110,166	5.2	10	11,699	4.7	132	98,467	5.2
Health, Welfare Services	36	13,799	5.1	-	-	-	36	13,799	5.1
Recreational Services	1	330	4.8	-	-	-	1	330	4.8
Management Services	6	2,028	2.8	-	-	-	6	2,028	2.8
Personal Services	13	9,131	4.5	-	-	-	13	9,131	4.5
Miscellaneous Services	2	443	10.3	-	-	-	2	443	10.3
Federal Administration	8	5,204	3.5	-	-	-	8	5,204	3.5
Provincial Administration	10	51,441	4.9	-	-	-	10	51,441	4.9
Local Administration	41	30,022	4.5	-	-	-	41	30,022	4.5
Construction	**18**	**9,678**	**5.6**	**-**	**-**	**-**	**18**	**9,678**	**5.6**

Key Monetary Benefits

Ninety-two percent of the employees covered by ninety-four percent of the agreements ratified in 1987 for bargaining units of 200 or more employees received improvements in one or more benefits. The benefits most commonly improved were dental and hospital/medical plans. Fifty-six percent of agreements covering 62 percent of the employees called for changes in dental plans, mostly the updating of the payment fee schedule and increasing the maximum claims. Forty-two percent of the agreements covering 42 percent employees resulted in better hospital/medical insurance. In decreasing order of frequency, in terms of the number of employees affected by the improved benefits, were pensions, life insurance, paid leaves, long term disability, paid vacation, sickness and accident benefits and lastly, paid holidays.

Many pension plans were improved in the area of early retirement benefits. Greater incentives to retire early, including a younger retirement age and smaller penalties in pension benefits, were common features of the 1987 settlements.

An emerging benefit is pension indexing. In the paper industry, pension indexing at 50 percent of annual inflation to a maximum of 5 percent was introduced. In the auto industry, pension indexing took the form of annual payments to future retirees that could cover up to a maximum of 90 percent of the annual increase in the Consumer Price Index.

Provisions for paid maternity leave were established or improved in a substantial number of agreements. In addition, the continuation of benefits for employees on maternity leave, with premium costs paid by the employer, was common in 1987 settlements.

In many cases, the continuation of benefits was also negotiated for employees on a variety of other leaves of absence and for early retirees.

Table 7

Changes in Benefits Negotiated in Major Collective Agreements in Ontario, 1987

Benefit	Agreements		Employees	
	Number	Percent	Number	Percent
All Agreements	512	100.0	444,483	100.0
Benefits established or changed	482	94.1	410,480	92.3
Paid holidays	42	8.2	17,836	4.0
Paid vacations	174	34.0	139,696	31.4
Other paid leaves	138	26.9	159,867	36.0
Hospital and medical insurance	215	42.0	187,183	42.1
Dental plans	286	55.9	274,798	61.8
Sickness and Accident insurance ...	98	19.1	118,048	26.6
Long term disability insurance	74	14.5	142,575	32.1
Life insurance	165	32.2	165,552	37.2
Pension	163	31.8	167,875	37.8
Other benefits	223	43.6	170,543	38.4
Benefits not changed	30	5.9	34,003	7.7

Work Stoppages

Data on work stoppages under Ontario jurisdiction show that in 1987 there were 246 work stoppages compared to 232 in 1986. These stoppages involved 64,349 employees and resulted in 1,108,870 person days lost - a moderate increase over the 232 stoppages and 940,620 person days losts in 1986.

Just over 71 per cent of the person-days lost occurred in the manufacturing sector. Within this sector, two industry groups, transportation equipment, and electrical products, accounted for over one-half the person days lost.

In the non-manufacturing sector, 71 per cent of the person days lost occurred in the education and related services industry.

As in past years, a small number of work stoppages accounted for a large proportion of the number of person days lost. Work stoppages at de Havilland Aircraft, Metro Toronto Public Elementary School Boards, and Chrysler Canada accounted for 35 per cent of the total person days lost.

It is important to note that time lost through work stoppages in Ontario in 1987 represents 0.10 per cent of the estimated total work time of Ontario's non-agricultural paid work force. This percentage is a slight increase from the 0.09 per cent in 1986, and a decrease from 1985 and 1984 when it was 0.12 and 0.15 per cent, respectively.

Chart 1

Work Stoppages - Time not Worked
As a Percentage of Total Working Time
1978 to 1987

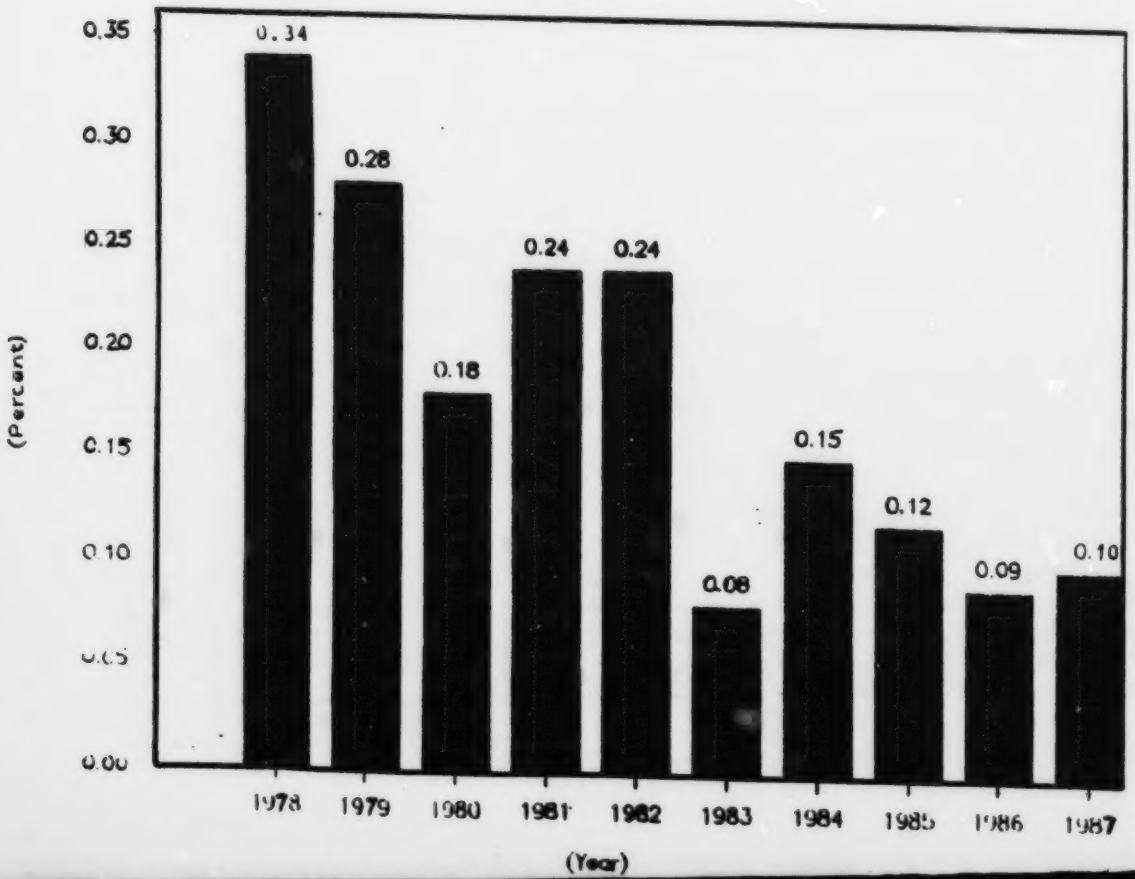

Table 8

1987 and 1986 Work Stoppages Under Ontario Jurisdiction by Industry

Industry	1987 No.	1987 No. of Employees	1987 Person Days Lost	1986 No.	1986 No. of Employees	1986 Person Days Lost
All Industries	2[illegible]	64,349	1,108,870	232	62,751	940,620
Manufacturing	149	46,833	792,090	138	23,282	480,830
Food, Beverages	13	3,830	23,960	9	910	19,770
Tobacco products	-	-	-	-	-	-
Rubber, Plastics	13	1,356	17,830	7	1,9[illegible]	21,450
Leather	1	70	2,910	-	-	-
Textiles	5	805	4,420	2	474	4,440
Knitting Mills	1	230	9,200	1	244	2,440
Clothing	5	498	34,340	4	1,280	5,800
Wood	5	1,023	12,100	5	197	2,850
Furniture, Fixtures	4	484	29,810	8	1,118	17,110
Paper	5	2,443	19,090	1	61	440
Printing, Publishing	6	191	4,400	5	57	5,030
Primary Metals	12	2,041	50,860	6	759	24,220
Fabricated Metals	19	1,455	41,020	30	4,166	113,920
Machinery	11	627	35,250	8	530	16,010
Transportation Equipment	19	25,391	284,220	22	6,624	115,740
Electrical Products	11	3,199	144,100	10	2,433	85,850
Non-Metallic Minerals	13	2,816	70,120	13	1,518	25,380
Petroleum, Oil	-	-	-	-	-	-
Chemicals	5	318	4,990	4	246	12,150
Miscellaneous Mfg.	1	56	3,470	3	735	8,230
Non-Manufacturing	97	17,516	316,780	94	39,469	459,790
Services To Agriculture	-	-	-	-	-	-
Forestry	-	-	-	1	30	270
Mining, Quarrying	2	250	2,920	3	2,295	7,720
Construction	1	8	60	19	27,115	349,600
Transportation	2	159	1,980	6	627	9,670
Storage	1	35	140	-	-	-
Communications	-	-	-	-	-	-
Electric, Gas and Water	9	422	10,760	6	57	1,720
Retail Trade	21	951	18,260	25	1,169	16,500
Finance, insurance and real estate	-	-	-	2	73	3,980
Education, Related Services	26	12,577	224,320	4	6,104	42,290
Health, Welfare Services	7	354	8,690	16	1,317	20,610
Religious Organizations	-	-	-	-	-	-
Recreational Services	-	-	-	1	6	10
Business Services	-	-	-	-	-	-
Personal Services	2	275	5,650	1	45	500
Accommodation and Food Services	7	158	8,910	3	132	1,840
Miscellaneous Services	6	377	5,750	5	149	2,960
Public Administration	13	1,950	29,340	2	350	2,120

Outlook for 1988

Collective bargaining activity in 1988 will be heavier than 1987. About 3,455 agreements, covering nearly 540,000 employees are scheduled to expire during the year. Principal industry sectors in which contract talks will take place include mining and primary metals, meat processing, farm equipment, automobile parts, electrical products, petroleum and chemical products, construction, retail trade, education, health and welfare and municipal governments.

According to a provincial treasury forecast, in 1988 the provincial economy is estimated to grow in real terms by 2.8 percent, inflation is expected to average 4.7 percent, employment to expand by 3.6 percent, and unemployment to drop to 5.4 percent.

With the introduction of pay equity legislation in 1987, wage demands in 1988 can be expected to include adjustments for pay equity. The 1987 breakthrough on indexed pensions in the auto, paper and air transport sectors will also be a factor in 1988 bargaining in other industries.

Toronto's economic boom, its lower unemployment rate and higher CPI compared with less prosperous parts of the province will also be a major factor in 1988 bargaining.

As in 1986 and 1987, the trend towards longer term arrangements is likely to continue into 1988.